

NEWS RELEASE

FOR RELEASE

Hunzelman, Putzier & Co., PLC today released an audit report on the City of Aurelia, Iowa.

The City has implemented new reporting standards for the year ended June 30, 2004, with significant changes in content and structure of the financial statements. The new financial statements now include a Statement of Activities and Net Assets which provides information about the activities of the City as a whole.

Hunzelman, Putzier & Co., PLC reported that the City of Aurelia's receipts totaled \$810,396 for the year ended June 30, 2004, a one percent decrease from 2003. The receipts included \$247,746 in property tax, \$314,863 from charges for service, \$123,940 from operating grants, contributions and restricted interest, \$73,477 from local option sales tax, \$12,566 from unrestricted investment earnings, and \$37,804 from other general receipts.

Disbursements for the year totaled \$722,406, a thirty-seven percent decrease from the prior year, and included \$105,849 for culture and recreation, \$94,635 for public works, and \$94,427 for general government. Also, disbursements for business type activities totaled \$257,489.

This report contains recommendations to the City Council and their indicated responses to the recommendations.

A copy of the audit report is available for review in the office of the Auditor of State and the City Clerk's office.

CITY OF AURELIA
INDEPENDENT AUDITOR'S REPORTS
PRIMARY GOVERNMENT BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2004

CITY OF AURELIA
INDEPENDENT AUDITOR'S REPORTS
PRIMARY GOVERNMENT FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2004

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CITY OF AURELIA

OFFICIALS

(Before January, 2004)

Richard Vogt	Mayor	January, 2004
Dee Keith	Council Member	January, 2004
Charles Lindgren	Council Member	January, 2004
Robert Forbes	Council Member	January, 2006
Donald Handy	Council Member	January, 2006
Nancy Webb	Council Member	January, 2006
Barb Messerole	Clerk/Administrator	Indefinite
Ryan Kolpin	Attorney	Indefinite

(After January, 2004)

Richard Vogt	Mayor	January, 2006
Robert Forbes	Council Member	January, 2006
Donald Handy	Council Member	January, 2006
Nancy Webb	Council Member	January, 2006
Dee Keith	Council Member	January, 2008
Charles Lindgren	Council Member	January, 2008
Barb Messerole	Clerk/Administrator	Indefinite
Ryan Kolpin	Attorney	Indefinite

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.
JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
Aurelia, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Aurelia, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The financial statements referred to above include only the primary government of City of Aurelia, Iowa, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of City of Aurelia, Iowa, as of June 30, 2004, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Aurelia, as of June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 13, during the year ended June 30, 2004, the City adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences.

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2004 on our consideration of City of Aurelia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Budgetary comparison information on pages 18 and 19 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

City of Aurelia, Iowa, has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise City of Aurelia's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed qualified opinions on those financial statements, because the financial data of a component unit was not included. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungelman, Putzier & Co.

September 21, 2004

CITY OF AURELIA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Exhibit A

		Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets	
		Charges for	Operating Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
Disbursements		Service				
Functions/Programs:						
Governmental Activities						
Public safety	\$ 85,354	\$ 7,329	\$ 20,874	\$ (57,151)	\$ -	\$ (57,151)
Public works	94,635	-	88,451	(6,184)	-	(6,184)
Culture and recreation	105,849	14,011	14,615	(77,223)	-	(77,223)
Community and economic development	19,742	-	-	(19,742)	-	(19,742)
General government	94,427	-	-	(94,427)	-	(94,427)
Debt service	64,910	-	-	(64,910)	-	(64,910)
Total governmental activities	<u>464,917</u>	<u>21,340</u>	<u>123,940</u>	<u>(319,637)</u>	<u>-</u>	<u>(319,637)</u>
Business type activities						
Water	113,480	125,894	-	-	12,414	12,414
Sewer	93,245	116,001	-	-	22,756	22,756
Sanitation	50,764	51,628	-	-	864	864
Total business type activities	<u>257,489</u>	<u>293,523</u>	<u>-</u>	<u>-</u>	<u>36,034</u>	<u>36,034</u>
Total	<u>\$ 722,406</u>	<u>\$ 314,863</u>	<u>\$ 123,940</u>	<u>(319,637)</u>	<u>36,034</u>	<u>(283,603)</u>
General Receipts:						
Property tax levied for:						
General purposes				166,515	-	166,515
Employee benefits				40,911	-	40,911
Debt service				40,320	-	40,320
Local option sales tax				73,477	-	73,477
Special assessments				2,013	-	2,013
Unrestricted interest on investments				3,815	8,751	12,566
Rent				6,062	-	6,062
Electric utility contribution				24,000	-	24,000
Bank franchise tax				2,705	-	2,705
Miscellaneous				3,024	-	3,024
Total general receipts				<u>362,842</u>	<u>8,751</u>	<u>371,593</u>
Change in cash basis net assets				43,205	44,785	87,990
Cash basis net assets beginning of year, as restated				446,936	496,456	943,392
Cash basis net assets end of year				<u>\$ 490,141</u>	<u>\$ 541,241</u>	<u>\$ 1,031,382</u>

(Continued)

CITY OF AURELIA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Exhibit A
(Continued)

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
Cash Basis Net Assets						
Restricted:						
Streets				\$ 25,992	\$ -	\$ 25,992
Debt service				12,080	90,292	102,372
Local option sales tax				56,640	-	56,640
Employee benefits				36,816	-	36,816
Other purposes				19,227	-	19,227
Unrestricted				339,386	450,949	790,335
Total cash basis net assets				<u>\$ 490,141</u>	<u>\$ 541,241</u>	<u>\$ 1,031,382</u>

See notes to financial statements.

CITY OF AURELIA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Exhibit B

		Special Revenue			Other Non-major Governmental Funds	Total
	General	Road Use Tax	Local Option Sales Tax	Debt Service		
Receipts:						
Property tax	\$ 165,594	\$ -	\$ -	\$ 40,094	\$ 40,678	\$ 246,366
Other city tax	921	-	73,477	226	233	74,857
Licenses and permits	1,103	-	-	-	-	1,103
Use of money and property	12,962	-	-	-	842	13,804
Intergovernmental	12,858	88,451	-	-	-	101,309
Special assessments	2,013	-	-	-	-	2,013
Miscellaneous	67,226	-	-	-	1,444	68,670
Total receipts	<u>262,677</u>	<u>88,451</u>	<u>73,477</u>	<u>40,320</u>	<u>43,197</u>	<u>508,122</u>
Disbursements:						
Operating:						
Public safety	71,832	-	-	-	13,522	85,354
Public works	17,539	73,732	-	-	3,364	94,635
Culture and recreation	98,429	-	-	-	7,420	105,849
Community and economic development	17,342	-	2,400	-	-	19,742
General government	84,678	-	-	-	9,749	94,427
Debt service	-	-	-	64,910	-	64,910
Total disbursements	<u>289,820</u>	<u>73,732</u>	<u>2,400</u>	<u>64,910</u>	<u>34,055</u>	<u>464,917</u>
Excess (deficiency) of receipts over disbursements	(27,143)	14,719	71,077	(24,590)	9,142	43,205
Other financing sources (uses):						
Operating transfers in (out)	-	-	(25,008)	25,008	-	-
Net change in cash balances	(27,143)	14,719	46,069	418	9,142	43,205
Cash balances beginning of year	366,529	11,273	10,571	11,662	46,901	446,936
Cash balances end of year	<u>\$ 339,386</u>	<u>\$ 25,992</u>	<u>\$ 56,640</u>	<u>\$ 12,080</u>	<u>\$ 56,043</u>	<u>\$ 490,141</u>
Cash Basis Fund Balances						
Reserved for debt service	\$ -	\$ -	\$ -	\$ 12,080	\$ -	\$ 12,080
Unreserved:						
General fund	339,386	-	-	-	-	339,386
Special revenue funds	-	25,992	56,640	-	56,043	138,675
Total cash basis fund balances	<u>\$ 339,386</u>	<u>\$ 25,992</u>	<u>\$ 56,640</u>	<u>\$ 12,080</u>	<u>\$ 56,043</u>	<u>\$ 490,141</u>

See notes to financial statements

CITY OF AURELIA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Exhibit C

	<u>Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Operating Receipts:				
Use of money and property	\$ -	\$ 2,856	\$ -	\$ 2,856
Charges for service	125,783	113,145	51,446	290,374
Miscellaneous	111	-	182	293
Total operating receipts	125,894	116,001	51,628	293,523
Operating Disbursements:				
Business type activities	92,746	42,425	50,764	185,935
Excess of operating receipts over operating disbursements	33,148	73,576	864	107,588
Non-operating receipts (disbursements):				
Interest on investments	5,254	2,976	521	8,751
Debt service	(20,734)	(50,820)	-	(71,554)
Total non-operating receipts (disbursements)	(15,480)	(47,844)	521	(62,803)
Net change in cash balances	17,668	25,732	1,385	44,785
Cash balances beginning of year	297,774	168,573	30,109	496,456
Cash balances end of year	<u>\$ 315,442</u>	<u>\$ 194,305</u>	<u>\$ 31,494</u>	<u>\$ 541,241</u>
Cash Basis Fund Balances				
Reserved for debt service	\$ 25,000	\$ 65,292	\$ -	\$ 90,292
Unreserved	290,442	129,013	31,494	450,949
Total cash basis fund balances	<u>\$ 315,442</u>	<u>\$ 194,305</u>	<u>\$ 31,494</u>	<u>\$ 541,241</u>

See notes to financial statements.

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Aurelia is a political subdivision of the State of Iowa located in Cherokee County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, general government services, and business type activities.

A. Reporting Entity

Except as discussed below, for financial reporting purposes, City of Aurelia has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

These financial statements present the City of Aurelia (the primary government) and exclude all component units. The component unit discussed below is not included in the City's reporting entity although its operational or financial relationship with the City is significant.

Excluded Component Unit

The Aurelia Municipal Electric Utility was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to, or impose specific burdens on the City. The Utility is governed by a five member board appointed by the Mayor and approved by the City Council. The Utility's operating budget is subject to the approval of the City Council. Complete financial statements of the individual component unit, which will issue separate financial statements, can be obtained from the Utility administrative office.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of or appoint members to Cherokee County Assessor's Conference Board, Cherokee County E911 Board, and Cherokee County Solid Waste Commission.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - (Continued)

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for community betterment projects financed by those funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - (Continued)

The Sanitation Fund accounts for the operation and maintenance of the City's waste management system.

C. Measurement Focus and Basis of Accounting

The City of Aurelia maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the public safety, general government, and debt service functions.

2. CASH AND INVESTMENTS

The City's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Auditing Standards Board Statement Number 3.

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

3. BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds, and revenue bonds and notes are as follows:

Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Revenue Bonds and Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 40,000	\$ 22,890	\$ 37,522	\$ 33,961	\$ 77,522	\$ 56,851
2006	40,000	21,150	39,998	32,373	79,998	53,523
2007	45,000	19,390	41,497	30,682	86,497	50,072
2008	45,000	17,387	43,022	28,926	88,022	46,313
2009	50,000	15,363	45,574	27,105	95,574	42,468
2010- 2014	270,000	40,857	258,149	104,924	528,149	145,781
2015-2019	-	-	312,700	45,679	312,700	45,679
2020	-	-	18,786	940	18,786	940
	<u>\$490,000</u>	<u>\$137,037</u>	<u>\$797,248</u>	<u>\$304,590</u>	<u>\$1,287,248</u>	<u>\$441,627</u>

The resolutions providing for the issuance of the revenue bonds and notes include the following provisions:

- a. The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. The City shall make annual water bond payments of \$20,734, including interest at 5% per year, to the bondholder in years 1984 through 2020, inclusive.
- c. Sufficient monthly transfers shall be made to separate water and sewer revenue sinking funds for the purpose of making the principal and interest payments when due.
- d. Water and sewer revenue reserve funds will be maintained and consist of funds in an amount equal to at least the maximum amount of principal and interest coming due on the bond and notes in any succeeding fiscal year.

The City has established the sinking accounts required by the water and sewer obligations.

4. CAPITAL LEASE PURCHASE AGREEMENTS

The City has entered into a capital lease purchase agreement to lease a Johnston street sweeper. The following is a schedule of the future minimum lease payments, including interest at 4.05% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2004:

<u>Year Ending June 30,</u>	<u>Johnston Street Sweeper</u>
2005	\$ 15,438
2006	15,438
2007	15,438
2008	15,438

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

4. CAPITAL LEASE PURCHASE AGREEMENTS - (Continued)

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Johnston</u> <u>Street</u> <u>Sweeper</u>
2009	\$15,438
2010	<u>15,438</u>
Total minimum lease payments	92,628
Less amount representing interest	<u>(11,831)</u>
Present value of net minimum lease payments	<u>\$ 80,797</u>

5. PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 5.93% and 8.90%, respectively. For the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively, and for the year ended June 30, 2002, the contribution rates for police employees and the City were 6.20% and 9.29%, respectively. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$9,502, \$11,080, and \$10,840 respectively, equal to the required contributions for each year.

6. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2004, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	<u>\$4,826</u>

This liability has been computed based on rates of pay in effect at June 30, 2004.

7. SOLID WASTE DISPOSAL AGREEMENT

The City entered into an agreement with the Cherokee County Solid Waste Commission, in accordance with Chapter 28E of the Code of Iowa, to provide for the disposal of solid waste from within the City. For the year ended June 30, 2004, \$23,777 was paid pursuant to the agreement.

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

7. SOLID WASTE DISPOSAL AGREEMENT - (Continued)

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The total costs to the Commission have been estimated at \$1,094,195 as of June 30, 2004, and the portion of the liability that has been recognized is \$915,891. The Commission has begun to accumulate resources to fund the closure costs, and at June 30, 2004 deposits of \$180,158 are held for these purposes.

Since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance of the unfunded costs. The Commission has adopted the dedicated fund mechanism. The Commission obtained a local government guaranty from Cherokee County on June 10, 1997 for the purpose of financing the postclosure costs of the landfill.

8. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt service	Special Revenue: Local Option Sales Tax	<u>\$25,008</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

9. SERVICE AGREEMENTS

The City has an agreement with Sanitation Services for refuse collection and hauling of solid waste and recyclable materials. Payments under this agreement were \$26,904 for the year ended June 30, 2004.

10. RISK MANAGEMENT

City of Aurelia is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. HOSPITAL FACILITY REVENUE BONDS

The City has issued a total of \$7,100,000 of hospital facility revenue bonds for Sioux Valley Memorial Hospital under the provisions of Chapter 419 of the Code of Iowa of which \$6,095,994 is outstanding at June 30, 2004. The bonds and related interest are payable solely from the revenue of the hospital and the bond principal and interest do not constitute liabilities of the City.

CITY OF AURELIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

12. ACCOUNTING CHANGE AND RESTATEMENTS

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the City's financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statement reports the City's governmental and business type activities. Beginning net assets have been restated to include the allocation of the Internal Service Funds.

	<u>Governmental Activities</u>
Cash basis net assets June 30, 2003, as previously reported	\$304,648
Internal Service Funds	<u>142,288</u>
Cash basis net July 1, 2003, as restated	<u>\$446,936</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AURELIA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2004

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts Original and Final	Final to Net Variance
Receipts:					
Property tax	\$ 246,366	\$ -	\$ 246,366	\$ 245,086	\$ 1,280
Other city tax	74,857	-	74,857	60,000	14,857
Licenses and permits	1,103	-	1,103	1,100	3
Use of money and property	13,804	11,607	25,411	31,500	(6,089)
Intergovernmental	101,309	-	101,309	123,093	(21,784)
Charges for service	-	290,374	290,374	320,355	(29,981)
Special assessments	2,013	-	2,013	7,000	(4,987)
Miscellaneous	68,670	293	68,963	49,400	19,563
Total receipts	<u>508,122</u>	<u>302,274</u>	<u>810,396</u>	<u>837,534</u>	<u>(27,138)</u>
Disbursements:					
Public safety	85,354	-	85,354	84,670	(684)
Public works	94,635	-	94,635	119,518	24,883
Culture and recreation	105,849	-	105,849	119,495	13,646
Community and economic development	19,742	-	19,742	30,500	10,758
General government	94,427	-	94,427	88,325	(6,102)
Debt service	64,910	-	64,910	23,982	(40,928)
Capital projects	-	-	-	104,610	104,610
Business type activities	-	257,489	257,489	340,000	82,511
Total disbursements	<u>464,917</u>	<u>257,489</u>	<u>722,406</u>	<u>911,100</u>	<u>188,694</u>
Excess (deficiency) of receipts over disbursements	43,205	44,785	87,990	(73,566)	(161,556)
Balances, beginning of year	<u>446,936</u>	<u>496,456</u>	<u>943,392</u>	<u>1,241,472</u>	<u>298,080</u>
Balances, end of year	<u>\$ 490,141</u>	<u>\$ 541,241</u>	<u>\$ 1,031,382</u>	<u>\$ 1,167,906</u>	<u>\$ 136,524</u>

See accompanying independent auditor's report.

CITY OF AURELIA
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING
JUNE 30, 2004

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year ended June 30, 2004 the budget was not amended.

During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the public safety, general government, and debt service functions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF AURELIA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Schedule 1

	<u>Special Revenue</u>		
	<u>Employee</u>	<u>Library</u>	
	<u>Benefits</u>	<u>Expendable</u>	<u>Total</u>
		<u>Trust</u>	
Receipts:			
Property tax	\$ 40,678	\$ -	\$ 40,678
Other city tax	233	-	233
Use of money and property	-	842	842
Miscellaneous	-	1,444	1,444
Total receipts	<u>40,911</u>	<u>2,286</u>	<u>43,197</u>
Disbursements:			
Operating:			
Public safety	12,740	782	13,522
Public works	3,364	-	3,364
Culture and recreation	5,921	1,499	7,420
General government	9,749	-	9,749
Total disbursements	<u>31,774</u>	<u>2,281</u>	<u>34,055</u>
Excess of receipts over disbursements	<u>9,137</u>	<u>5</u>	<u>9,142</u>
Net change in cash balances	9,137	5	9,142
Cash balances beginning of year	<u>27,679</u>	<u>19,222</u>	<u>46,901</u>
Cash balances end of year	<u>\$ 36,816</u>	<u>\$ 19,227</u>	<u>\$ 56,043</u>
Cash Basis Fund Balances			
Unreserved	<u>\$ 36,816</u>	<u>\$ 19,227</u>	<u>\$ 56,043</u>

See accompanying independent auditor's report.

CITY OF AURELIA
STATEMENT OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2004

Schedule 2

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning Of Year	Issued During Year	Redeemed During Year	Balance End Of Year	Interest Paid	Interest Due and Unpaid
General obligation bonds:									
Sewer improvement	April 1, 1999	4.30%-5.00%	<u>\$665,000</u>	<u>\$ 530,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 490,000</u>	<u>\$ 24,610</u>	<u>\$ -</u>
Revenue bond:									
Water	July 24, 1980	5.00%	<u>\$349,700</u>	<u>\$ 233,119</u>	<u>\$ -</u>	<u>\$ 8,871</u>	<u>\$ 224,248</u>	<u>\$ 11,863</u>	<u>\$ -</u>
Revenue notes:									
Sewer	February 16, 1999	3.92%	<u>\$695,000</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 406,000</u>	<u>\$ 16,660</u>	<u>\$ -</u>
Sewer	February 16, 1999	3.92%	<u>205,000</u>	<u>175,000</u>	<u>-</u>	<u>8,000</u>	<u>167,000</u>	<u>6,860</u>	<u>-</u>
			<u>\$900,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 27,000</u>	<u>\$ 573,000</u>	<u>\$ 23,520</u>	<u>\$ -</u>
Capital leases:									
John Deere loader	June 1, 1999	5.60%	<u>\$ 91,603</u>	<u>\$ 20,449</u>	<u>\$ -</u>	<u>\$ 20,449</u>	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ -</u>
Johnston street sweeper	October 15, 2002	4.05%	<u>92,489</u>	<u>92,489</u>	<u>-</u>	<u>11,692</u>	<u>80,797</u>	<u>3,746</u>	<u>-</u>
			<u>\$184,092</u>	<u>\$112,938</u>	<u>\$ -</u>	<u>\$ 32,141</u>	<u>\$ 80,797</u>	<u>\$ 3,841</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF AURELIA
BOND AND NOTE MATURITIES
YEAR ENDED JUNE 30, 2004

Schedule 3

General Obligation Bonds			Revenue Notes					
			Sewer Improvement			Sewer Improvement		
Sewer Improvement			\$695,000			205,000		
Issued April 1, 1999			Issued February 16, 1999			Issued February 16, 1999		
Year Ending June 30.	Interest Rates	Amount	Year Ending June 30.	Interest Rates	Amount	Interest Rates	Amount	Total
2005	4.35%	\$ 40,000	2005	3.92%	\$ 20,000	3.92%	\$ 8,000	\$ 28,000
2006	4.40	40,000	2006	3.92	21,000	3.92	9,000	30,000
2007	4.45	45,000	2007	3.92	22,000	3.92	9,000	31,000
2008	4.50	45,000	2008	3.92	23,000	3.92	9,000	32,000
2009	4.60	50,000	2009	3.92	24,000	3.92	10,000	34,000
2010	4.65	50,000	2010	3.92	25,000	3.92	10,000	35,000
2011	4.75	50,000	2011	3.92	26,000	3.92	11,000	37,000
2012	4.85	55,000	2012	3.92	27,000	3.92	11,000	38,000
2013	4.90	55,000	2013	3.92	28,000	3.92	12,000	40,000
2014	5.00	60,000	2014	3.92	29,000	3.92	12,000	41,000
			2015	3.92	30,000	3.92	12,000	42,000
			2016	3.92	31,000	3.92	13,000	44,000
			2017	3.92	32,000	3.92	13,000	45,000
			2018	3.92	33,000	3.92	14,000	47,000
			2019	3.92	35,000	3.92	14,000	49,000
		<u>\$ 490,000</u>						
					<u>\$ 406,000</u>		<u>\$ 167,000</u>	<u>\$ 573,000</u>

Water Revenue Bond
Issued July 24, 1980

Interest Rate	Amount
5.00%	\$224,248
Payment, including interest are \$20,734 due each July 1 until July 1, 2020	

See accompanying independent auditor's report.

CITY OF AURELIA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TWO YEARS

Schedule 4

	<u>2004</u>	<u>2003</u>
Receipts:		
Property tax	\$ 246,366	\$ 246,564
Other city tax	74,857	61,543
Licenses and permits	1,103	1,271
Use of money and property	13,804	13,586
Intergovernmental	101,309	117,266
Special assessments	2,013	7,914
Miscellaneous	68,670	48,288
Total	<u>\$ 508,122</u>	<u>\$ 496,432</u>
Disbursements:		
Operating:		
Public safety	\$ 85,354	\$ 80,036
Public works	94,635	155,393
Culture and recreation	105,849	123,184
Community and economic development	19,742	167,326
General government	94,427	84,920
Debt service	64,910	88,023
Total	<u>\$ 464,917</u>	<u>\$ 698,882</u>

See accompanying independent auditor's report.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.
JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Honorable Mayor and
Members of the City Council
Aurelia, Iowa

We have audited the primary government financial statements of City of Aurelia, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 21, 2004. Our report expressed an unqualified opinion on the primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Aurelia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items II-B-04 and II-J-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Aurelia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Aurelia's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items I-A-04 and I-B-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Aurelia, and other parties to whom City of Aurelia may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Aurelia during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hungelman, Putzier & Co.

September 21, 2004

CITY OF AURELIA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITION:

- I-A-04 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that bank deposits, opening mail, recording receipts and disbursements, checks and payroll preparation, and bank reconciliations are all handled by either of two individuals.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - Office staff continually cross-train and review procedures. The City Council closely monitors operating procedures to obtain the maximum internal control possible.

Conclusion - Response accepted.

- I-B-04 Electronic Data Processing Systems - During our review of internal control, the existing control activities in the City's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the City's computer based systems were noted:

The City does not have written policies for:

- Ensuring that only software licensed to the City is installed on computers.
- Personal use of computer equipment and software.

Recommendation - The City should develop written policies addressing the above items in order to improve the City's control over computer based systems.

Response - The City Clerk is in the process of preparing policies for ensuring software installed is monitored and licensed to the City, and personal use of computer equipment.

Conclusion - Response accepted.

CITY OF AURELIA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2004

Part II: Other Findings Related to Statutory Reporting:

II-A-04 Official Depositories - A resolution naming official depositories has been adopted by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

II-B-04 Certified Budget - Disbursements during the year ended June 30, 2004 exceeded the amounts budgeted in the public safety, general government, and debt service functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The City Clerk closely monitors the balances in the Programs, and will amend in sufficient amounts in accordance with the Code of Iowa.

Conclusion - Response accepted.

II-C-04 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-D-04 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-E-04 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Robert Forbes, Council Member, owner of Forbes & Sons and Sentinel publishing	Supplies	\$ 358
Richard Vogt, Mayor	Real estate	\$3,500

In accordance with chapter 362.5(11) of the Code of Iowa, the transaction with the Council member does not appear to be a conflict of interest since total transactions were less than \$2,500 during the fiscal year. The transaction with the Mayor does not appear to represent a conflict of interest because proper public notice was given of this proposed purchase and the Mayor abstained from all discussions concerning the purchase.

CITY OF AURELIA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part II: Other Findings Related to Statutory Reporting: (Continued)

- II-F-04 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-G-04 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-H-04 Revenue Notes - The City has established the sinking and reserve funds required by the water and sewer revenue note resolutions.
- II-I-04 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- II-J-04 Excess Balances - The following funds have balances at June 30, 2004 in excess of one year's expenditures:

General

- Special Revenue - Employee Benefits
 - Local Option Sales Tax
 - Library Expendable Trust

Recommendation - While it appears that these funds may have an excessive balance, this can usually be justified if the City has a specific plan for future expenditures. The City should consider the necessity of maintaining these substantial balances and, where financially feasible, consider reducing the balances in an orderly manner through revenue reductions.

Response - The City Council tries to maintain a close review of balances in the named funds. The City did lower the amount levied for employee benefits, and the Expendable Trust is being used for library expenses from donations. Local Option Sales tax is used for community betterment.

Conclusion - Response accepted.

CITY OF AURELIA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2004

Part II: Other Findings Related to Statutory Reporting: (Continued)

- II-K-04 Form 1099 - The Internal Revenue Service requires that Form 1099 be prepared when disbursements for services to a non-corporate entity or attorney exceed \$600 in a calendar year. During the year ended December 31, 2003 there were payments to one attorney totaling \$13,245 but there was no Form 1099 issued.

Recommendation - The City should monitor yearly disbursements by vendor and issue a 1099 if required.

Response - The City will monitor more closely yearly disbursements by vendor and issue 1099s when needed.

Conclusion - Response accepted.

- II-L-04 Other Information Required by Farmers Home Administration Bond Resolution

Excess Insurance - The following insurance policies were in force at June 30, 2004:

<u>Insurer</u>	<u>Description</u>	<u>Amount</u>	<u>Expiration Date</u>
Employers Mutual	Property:		
	90% co-insurance	\$2,340,748	April 1, 2005
Employers Mutual	Inland marine	537,439	April 1, 2005
Employers Mutual	General liability:		
	Each occurrence	1,000,000	April 1, 2005
	Aggregate	2,000,000	April 1, 2005
Employers Mutual	Automobile coverage:		
	Liability	1,000,000	April 1, 2005
	Uninsured motorist	50,000	April 1, 2005
	Underinsured motorist	50,000	April 1, 2005
Employers Mutual	Linebacker:		
	Each occurrence	1,000,000	April 1, 2005
	Aggregate	1,000,000	April 1, 2005
Employers Mutual	Umbrella liability:		
	Retained limit	10,000	April 1, 2005
	Each occurrence	2,000,000	April 1, 2005
	Aggregate	2,000,000	April 1, 2005
Employers Mutual	Volunteer Fire Department:		
	Blanket policy	5,000	April 1, 2005
Employers Mutual	Workers' compensation and employer's liability	500,000	April 1, 2005
Western Surety	Public officials and employees blanket bond	5,000	November 23, 2004
Western Surety	Clerk/Treasurer surety bond	150,000	June 1, 2005

CITY OF AURELIA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-L-04 Other Information Required by Farmers Home Administration Bond Resolution - (Continued)

Statistical Information

Description

Water customers served at June 30, 2004 478

Water rates in effect at June 30, 2004
based on a monthly rate:

First 167 units at \$0.04377 per cubic foot
Next 333 units at \$0.03818 per cubic foot
All over 500 units at \$0.03682 per cubic foot

Penalty	1 ½% per month
Sales tax	5%
Local option sales tax	1%
Monthly minimum	\$7.31